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SIPDIS

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SUBJECT: ACE Nomination from AMEMB Pretoria for Johnson & Johnson,
South Africa

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REFTEL: STATE 34994

¶1. Summary: Embassy Pretoria is pleased to nominate the Johnson & Johnson Family of Companies South Africa (J&J/SA) for the Secretary's ACE Award for Corporate Excellence in the multinational enterprise (MNE) category. J&J/SA's groundbreaking work to establish the Johnson & Johnson Burn Center (Burn Center) in Soweto in 1990 and its continuous support of the Burn Center over the past eighteen years makes it an exemplary model of corporate citizenship.

The Burn Center was South Africa's first health-related public-private partnership (PPP), paving the way for other civic alliances of business with the public health sector to benefit local communities. J&J/SA is a leader in developing innovative educational programs and conducts its business with an awareness of local, national and global environmental concerns. It maintains exemplary employment practices, demonstrates good corporate citizenship by engaging in ethical business practices, maintains a safe and healthy workplace for all workers, and respects local, national and international authority. End Summary.

The J&J Burn Center - From the Beginning

¶2. Paraffin (kerosene) is widely used for heating and cooking in poor, informal settlements, often near open flames. Cramped living conditions contribute to fire-related accidents that can quickly spread through the closely-packed shacks of an informal settlement. As many as 45,000 paraffin fires break out each year in South Africa, resulting in some 4,000 deaths and many more severely burned victims. Without effective infection control management, approximately 40 per cent of severely burned patients will die from infection.

¶3. J&J/SA began looking for a major health-related project to support in 1988. The Head of Surgery at Chris Hani Baragwanath Hospital (Bara) in Soweto told J&J/SA that the hospital's most critical need was a specialized burn unit. J&J/SA took up the challenge by entering into an innovative partnership with Bara and the University of Witwatersrand Medical School (Wits) to create the Burn Center. J&J/SA designed and built a free-standing facility on hospital land provided by Bara. J&J/SA maintains the Burn Unit facility, providing essential equipment, products, management and technological expertise in infection control, as well as funding of training for the Center staff. Bara provides medical and allied professional personnel to the Center, while Wits uses the Center to

train doctors, nurses and other professionals such as physiotherapists, occupational therapists and nutritionists.

¶4. The Burn Center opened in April 1991 and now has 24 adult beds, including four intensive care unit (ICU) beds, in addition to an operating theater, wound treatment areas, and physical and occupational therapy areas. J&J/SA added a greatly needed pediatric extension in 1993 with 26 beds and four ICU beds. Over half of the patients admitted to Bara with serious burns are children, for whom burns continue to be a significant cause of death. Burn patients face particular problems in handling intense pain and need specialized care to reduce scarring and loss of movement. The Center provides holistic treatment for the patients, aiming to heal not only the body, but also the mind and spirit. J&J/SA has hands-on involvement with the Center, visiting it monthly to provide not only its funds, but the skills and support of its employees.

Effective Burn Treatment Saves Lives

¶5. The Burn Center treats more than 600 patients per year, receiving severely burned patients from its home Gauteng Province, as well as surrounding provinces. The Center has achieved remarkable results. A study extending from 1995–2003 showed that mortality of burn patients had been reduced from the former 40 per cent to 17.3 per cent. Patients treated at the Center can survive burns covering up to 70 per cent of their body. The Center is regarded not only as Africa's best burn facility, but one of the best in the world. The Center recently provided life-saving treatment to victims of the xenophobic violence against foreigners in May 2008. As of the date of this nomination, there are three victims from Mozambique and one from Gabon being treated in the Center. J&J/SA used the experience it gained with the Center to provide advice and financial support for the conversion of a ward at the Red Cross Hospital in Cape Town

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into a burn unit. Three private hospitals have used the Center as a model for their own smaller burn wards.

¶6. Burn Center personnel perform community outreach to educate the public about the dangers of paraffin and other fire hazards, and burn prevention. J&J/SA produced a series of prevention posters that are distributed to the public by the World Burn Foundation. The Burn Center is a model training facility not only for Bara, but for all of South Africa and other neighboring countries, with nurses brought in from other African countries to train at the Center. Protocols developed at the Burn Center are frequently used as standards of best practice in the region. It is a center of excellence for teaching and healing and has served as a prototype for four other PPPs at Bara, such as the Hand Injury Unit sponsored by Anglo American Mining. J&J/SA has invested more than 21 million rand (approximately \$2.8 million dollars at current exchange rates) into the Center and annually funds at least another 600,000 rand (approximately \$80,000 dollars) in annual support costs.

J&J South Africa, a Leader in Many Areas

¶7. In addition to the Burn Center, J&J/SA maintains exemplary employment practices and has a formal personnel policy that is committed to eliminating all forms of discrimination in the workplace and to implementing affirmative action measures to ensure equitable representation in all occupational categories and levels. The educational needs of its employees are met with scholarships, payment of school fees, book packages and educational support programs. Employees are offered the course "English at Work" to improve their English language skills.

¶8. J&J/SA has been a leader in developing innovative educational programs to build capacity in the health care sector. It was a founding sponsor of Medical Education for South African Blacks (MESAB) in 1985. MESAB provides scholarships for black students at South African Universities and technical schools in the professions

of medicine, nursing and other health-related fields. There are now more than 2,500 MESAB university graduates and 8,000 MESAB midwives.

J&J/SA is a sponsor of the Hospital Leaders Program, established in partnership with the University of Cape Town Graduate School of Business, which draws from government and the public health sector and aims to develop leadership and management skills in the health care sector.

¶ 19. J&J/SA demonstrates its consciousness of local and global environmental concerns through its voluntary purchase of more expensive "green" energy for its J&J Medical Ltd. unit. J&J Medical Ltd. entered into a five-year contract for the purchase of green energy, becoming only the second company in South Africa to do so. Tradable Renewable Energy Certificates (TRECs) enable producers to generate more costly, renewable "green" electricity within South Africa's voluntary market by matching producers with purchasers who are willing to pay the additional costs of production of "green" electricity. J&J/SA purchased 249 TRECs in 2008, representing 249 megawatt hours of green power, resulting in an estimated savings of 548,000 kilograms of CO₂ emissions, 124,000 kilograms of coal, 320,000 liters of water, and 35,216 kilograms of ash production.

¶ 10. J&J/SA receives an annual certificate of registration certifying that it complies with ISO 140001 environmental management standards.

J&J/SA also receives annual South African Bureau of Standards (SABS) certification for its occupational health and safety management system. J&J/SA receives annual SABS certification that its quality management system complies with the requirements of ISO 9001:2000 standards. These certifications involve all activities, products and services related to repackaging, manufacturing and distribution of all medical supplies and contact lenses.

¶ 11. J&J/SA complies with all South African, U.S. and international laws, including not engaging in any form of bribery, extortion or illegal tax exemption and favoritism in order to create a fair and open marketplace. The company is headquartered in New Brunswick, New Jersey and has been in South Africa since 1930. J&J/SA currently has 975 employees and has substantial investments in SA, including three manufacturing facilities and an office park. It recently sold one of its pharmaceutical facilities to a Broad Based Black Economic Empowerment (BBBEE) group for previously disadvantaged people that has a five-year agreement to manufacture J&J products, encouraging the growth of BBBEE enterprises.

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¶ 12. J&J/SA has supported the local American Chamber of Commerce (AMCHAM) for many years, including allowing its Executive Director for Government Affairs and Policy to serve as the President of AMCHAM for the past three years. J&J/SA has continued to provide essential medical supplies to Zimbabwe in the face of deteriorating political and economic conditions in that country, despite the growing commercial risk. It has done so out of loyalty to the doctors and nurses of Zimbabwe and concern for its people, even though it is the only major medical supplier that continues to do so.

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